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Ihor Miskewycz
Account Manager



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JULY 28, 1997

SUBJECT: DAIRY MART CID# 0205-XX-XX

RE: PM EXCLUSIVE & DIVESTMENT

**TO: 1110, 1210, 1310, 1610, 1710, 1810, 2110, 2910, 6710 FOR DISTRIBUTION TO ALL
RESPONSIBLE MANAGERS & REPS**

**FOLLOWING IS A CURRENT UPDATE ON THE ABOVE CHAIN RELATIVE TO CONTRACTS AND
FUTURE DIRECTION AS WE GO FORWARD IN 1997:**

CID # 0205-01-00, 0205-11-00, 0205-21-00 (FORMERLY DAIRY MART NORTHEAST REGION)

- THIS REGION HAS BEEN SOLD AND ALL CONTRACTS ENDED EFFECTIVE 6/30/1997
- ALL NECESSARY CHANGES REGARDING CID REMOVAL & ENDING CONTRACT DATES IS BEING HANDLED BY THE PITTSBURGH ROU 1710
- PURCHASED BY DB MART, CID # 2757-00-00, INFORMATION TO BE COMMUNICATED BY 1110 VIA T. SCOTT, ACCOUNT MANAGER

**CID #'s 0205-02-00, 0205-12-00, 0205-22-00, 0205-03-00, 0205-13-00, 0205-23-00 (ALL REMAINING
DAIRY MART STORES)**

1. CONTRACT

- HQ HAS DECIDED TO SIGN ALL CORPORATE (0205-02-00 & 0205-03-00) AND LIMITED FRANCHISE (0205-22-00 & 0205-23-00) LOCATIONS TO A PM EXCLUSIVE CONTRACT, EFFECTIVE AUGUST 1, 1997; ALL CONTRACTS WILL BE ENDED BY PITTSBURGH ROU 1710
- FULL FRANCHISE (0205-12-00 & 0205-13-00) LOCATIONS CAN BE SOLD CO-EXISTENCE AND PAID AT STORE LEVEL AS BEFORE; ALL EXISTING CONTRACTS WILL REMAIN IN PLACE
- ALL DISPLAYS WILL BE SAVED BY STORES IN THEIR BACK ROOMS FOR RJR REP PICKUP DURING AUGUST
- ALL REMAINING Y-SIGNS TO BE CONFISCATED BY DAIRY MART
- ATTACHED IS A 3-PAGE DAIRY MART STORE MEMO WITH DETAILS OF ACTION TO BE TAKEN BY CHAIN PERSONNEL.

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2. TEMPORARY DISPLAYS

- DAIRY MART HAS AUTHORIZED TWO DISPLAYS FOR AUGUST: WINSTON PACK REPLICA (#530135) AND RED KAMEL CARDBOARD 2-WIDE (#517751)
 - DISPLAY DESIGNATION: RED KAMEL CD \$10 HQ PAY
RED KAMEL DIST \$5 HQ PAY
WIN SEMI-PERM DPL \$10 HQ PAY
- PRODUCT WILL BE PREBOOKED TO ALL CORPORATE STORES & DELIVERED BY McLANE, DISPLAYS WILL BE SHIPPED TO STORES BY THE PITTSBURGH ROU; LIMITED FRANCHISES TO BE SOLD/PREBOOKED & DISPLAYS SUPPLIED AT LOCAL LEVEL
- ADDITIONAL DISPLAYS FOR THE REMAINDER OF '97 TO BE ANNOUNCED

NOTE: REPS NEED TO INSURE ALL PACKAGE & CARTON SPACE IS TAGGED WITH McLANE ORDER NUMBERS FOR RED KAMEL AND NEW WINSTON BOX STYLES TO REMIND STORE PERSONNEL TO ORDER PRODUCT

3. RJR PROMOTIONS

- ALL VAP, DISCOUNTING, AND ANY OTHER PROMOTIONS IN CORPORATE & LIMITED FRANCHISE LOCATIONS WILL CEASE AS OF AUGUST 1
- A LOCAL INDICATOR ('DM DEFENSE') WILL BE IN PLACE FOR THE PURPOSE OF IDENTIFYING 3 TO 4 STORES IN THE IMMEDIATE VICINITY OF EACH DAIRY MART SO THAT VAP AND DISCOUNTING PROMOTIONAL RESOURCES CAN BE HEAVIED UP; IT IS IMPERITIVE AND URGENT THAT EACH REP UPDATE THIS DM DEFENSE INDICATOR FOR THOSE IDENTIFIED CALLS IMMEDIATELY!

4. COVERAGE

- MONTHLY COVERAGE TO REMAIN DURING THE PERIOD OF AUTHORIZED TEMPORARY DISPLAYS

5. CID # 0205-33-00

- DAIRY MART IS CREATING A NEW DIVISION OF STORES NAMED "SMOKIN' DEALS" THAT MAY REMAIN ON CONTRACT WITH RJR; CURRENTLY THERE ARE 7 LOCATIONS WITH ADDITIONAL OPENINGS SLATED FOR '97 - CONTRACTUAL REQUIREMENTS FOR RJR WILL BE COMMUNICATED AT A LATER DATE

I WILL BE MEETING WITH RETAIL MANAGERS IN THE NEAR FUTURE TO COMMUNICATE PERSONALLY ALL DETAILS IN AN EFFORT TO ANSWER ALL QUESTIONS AND INSURE OUR DIRECTION IS CLEAR AND EXECUTED IN A CRISP MANNER.

RJR WILL CONTINUE TO CALL ON DAIRY MART HQ IN THE SPIRIT OF PARTNERSHIP, PRESENTING COEXISTENCE, INFORMING ON LEGISLATION, THE PULSE OF THE INDUSTRY, AND OTHER MATTERS, AS BEFFITS OUR POSITION AS CATEGORY MANAGERS.

WE WILL BE SENDING OUT A DAIRY MART DEFENSE PLAN IN THE NEAR FUTURE.

SINCERELY,

IHOR MISKEWCZ

IHOR MISKEWCZ

/lm

CC: P.E. SCHMIDT, W.J. ROTH, L.T. POOLE, D.B. RISER, J.M. PISCITELLI, L.E. MacWILLIAMS

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